

# City of Detroit


## CITY COUNCIL

IRVIN CORLEY, JR.  
DIRECTOR  
(313) 224-1076

FISCAL ANALYSIS DIVISION  
Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 218  
Detroit, Michigan 48226  
FAX: (313) 224-2783  
E-Mail: [irvin@cncl.ci.detroit.mi.us](mailto:irvin@cncl.ci.detroit.mi.us)

ANNE MARIE LANGAN  
DEPUTY DIRECTOR  
(313) 224-1078

TO: Terrence King, Group Executive of Transportation  
Airport Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director 

DATE: May 3, 2011

RE: 2011-2012 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2011-2012 Fiscal Year.

We would appreciate a written response to the issues/questions by **Tuesday, May 10, 2011**. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

### Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Thomas Lijana, Finance Director  
Floyd Stanley, Budget Deputy Director  
Ron Chenault, Budget Department Team Leader  
Denise Gardner, Mayor's Office

## Airport (10)

### FY 2011-2012 Budget Analysis by the Fiscal Analysis Division

#### Summary

The Airport is an enterprise fund agency. The Airport Department by City Ordinance, Section 4-1-2, acquires and holds aviation facilities, develops and operates them, leases these facilities, represents the City in all aviation matters affecting the interest of the City, and manages and controls all City properties and equipment devoted to aviation activities.

The recommended 2011-2012 budgeted appropriations total \$1,854,288, which is an increase of \$1,063,401 over the current fiscal year's budget of \$790,887.

The recommended 2011-2012 budget also includes total revenues of \$1,854,288, which is also an increase of \$1,063,401 over the current year's budget of \$790,887.

#### 2010-2011 Surplus/ (Deficit)

A surplus or deficit is not projected for the Airport Department for fiscal year 2010-2011.

#### Overtime

Overtime is budgeted at \$2,939 for the current year. Through March 31, 2011 of the current year, \$7,227 has been spent in overtime.

#### Personnel and Turnover Savings

There are five additional positions included in the budget. The 2011-2012 includes a general manager position in lieu of a director. Turnover savings is not projected for the Airport Department for fiscal year 2011-2012.

	Redbook Positions FY 2010-	Filled Positions 3/31/2011	Mayor's Budget Positions FY 2011-12	Over/(Under) Actual to 09/10 Budget	Mayor's Recommended Turnover
<u>Appropriation/Program</u>	<u>11</u>	<u>3/31/2011</u>	<u>FY 2011-12</u>	<u>09/10 Budget</u>	<u>Turnover</u>
<b>Airport (10):</b>					
100010 Administration	3	2	3	(1)	\$ -
100020 Maintenance	0	0	5	0	\$ -
100030 Operations	1	1	1	0	\$ -
<b>00223 Airport Operations</b>	<b>4</b>	<b>3</b>	<b>9</b>	<b>(1)</b>	<b>\$ -</b>
10XXXX Worker's Comp.		0		0	\$ -
10XXXX Unmatched Positions		<u>5</u>		<u>5</u>	<u>\$ -</u>
<b>TOTAL</b>	<b><u>4</u></b>	<b><u>8</u></b>	<b><u>9</u></b>	<b><u>4</u></b>	<b><u>\$ -</u></b>

## Proposed Layoffs and Position Changes

The 2011-2012 recommended budget includes nine positions, which is an increase of five positions. The budget does not assume any layoffs for the Airport Department.

### **Airport (10)**

Budgeted Professional and Contractual Services by Activity	FY 2010-11 Budget	FY 2011-12 Recommended	Increase (Decrease)
Airport Operations	\$ 8,000	\$ 83,211	\$ 75,211
<b>Total</b>	<b>\$ 8,000</b>	<b>\$ 83,211</b>	<b>\$ 75,211</b>

## Significant Funding Changes by Appropriation

<u>Appro.</u>	<u>Program</u>	
00223	Airport Operations	The recommended 2011-2012 appropriation for airport operations increased \$1,063,401 over the current year's budget of \$790,887. The increase is due primarily to the assumption that the Airport would have been managed and operated by a contractor in fiscal year 2010-2011. The contractor would have been responsible for most of the costs of operating the Airport. An agreement was not reached between the City and a contractor. The 2011-2012 budget includes full costs of operating the Airport. Salaries and wages increased \$368,417, fringe benefits costs \$335,018, and other expenses \$359,966.

## Significant Funding Changes in Revenue

<u>Appro.</u>	<u>Program</u>	
00223	Airport Operations	The recommended 2011-2012 budgeted revenues for airport operations increased \$1,063,401 over the fiscal year's 2010-2011 budget of \$790,887. The increase is due primarily to the assumption that the Airport would have been managed and operated by a contractor in fiscal year 2010-2011. All revenues generated by the Airport would have been those of a contractor had an agreement been reached between the City and a contractor. The fiscal year 2011-2012 provides for revenues to be generated by the Airport. Electrical sales revenue increased \$5,000,

landing fees \$80,000, rental revenue \$734,000, concession revenue \$140,000, aviation fuel sales \$50,000, miscellaneous receipt \$15,000, and subsidy from the General Fund \$39,401.

### Issues and Questions

1. When does the Airport Department expect to have a commercial air carrier that provides flights for the general public?
2. What is the Airport biggest challenge to becoming a world-class airport?
3. Is there a plan to have a management company operate the Airport under a contract? What progress has been made on this plan and will it eliminate the need for a General Fund subsidy to the Airport?
4. When will the Airport be fully self-sufficient?
5. What will the Airport Department do in fiscal year 2011-2012 to increase revenue and to reduce operating costs?